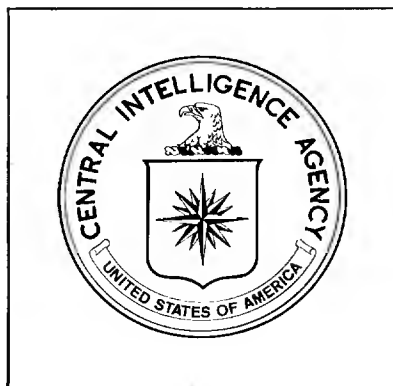


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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS



Ghana: New Investment Decree	3
Upper Volta-Mali: New Violence Possible Over Border Dispute	5

May 6, 1975

SECRET MORAY

Approved For Release 2001/07/30 : CIA-RDP79T00865A000900100001-2

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Approved For Release 2001/07/30 : CIA-RDP79T00865A000900100001-2

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Approved For Release 2001/07/30 : CIA-RDP79T00865A000900100001-2

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Ghana

New Investment Decree

Ghana's military rulers issued a new investment policy decree last month that calls for a major reduction in foreign ownership and expatriate management of Ghanaian businesses by December 31. It is not clear how extensively the decree will be applied. At present, Ghana lacks the foreign exchange to purchase controlling shares in foreign firms on a large scale. Nationalization by decree, without payment of prompt compensation, would risk discouraging further foreign investment at a time when the economy has been hard hit by inflation and rising energy costs.

Shortly after seizing power in 1972, the junta proclaimed a goal of "capturing the commanding heights" of Ghana's foreign-dominated economy. So far, the government has taken majority control in only a few predominantly British-owned mining and timber firms; compensation agreements are yet to be worked out in all but one of these cases.

The investment decree restates in a more comprehensive way the takeover objectives the government first announced in January 1973. It reserves full or partial ownership in a wide variety of enterprises to either the government or Ghanaian investors. The proportion of state ownership ranges from a high of 55 percent in extractive, processing, and "basic necessity" industries, to a low of 20 percent in oil production should current exploration activities uncover significant petroleum reserves. In the private sector, Ghanaians are to have complete control of almost all small-scale businesses. They will own at least half of most large commercial, manufacturing, and distributive activities and 40 percent of banks. All foreign enterprises are expected to set up training programs to enable Ghanaian employees gradually to takeover jobs from expatriates.

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May 6, 1975

SECRET MORAY

3

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Only a small part of the estimated \$214 million in US private investment appears to be affected by the new decree. The \$130 million aluminum smelter, owned by Kaiser and Reynolds, is exempt. Firms that will be affected include the local marketing companies of Mobil and Texaco, whose service stations are valued at some \$24 million, and subsidiaries of Union Carbide, Johnson's Wax, and Star-Kist Tuna.
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May 6, 1975

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Upper Volta-Mali

New Violence Possible Over Border Dispute

The continuing border dispute between Upper Volta and Mali could lead to a new round of fighting in the next few weeks. There has been little movement toward a settlement since the dispute was submitted to the OAU for mediation last December following clashes between Malian and Voltan troops. Army officers on both sides are reportedly growing impatient.

There has been considerable opposition and grumbling among Voltan government officials and young army officers since the clashes, in which the Voltans were defeated by better-equipped Malian units. The Voltans feel that only a military offensive can restore their country's honor and recover the disputed area, which remains occupied by Malian troops.

Voltan President Lamizana is being heavily criticized by members of his cabinet because of the lack of progress since his decision to submit the dispute to the OAU. Several government ministers asked Lamizana to resign during a recent cabinet meeting, according to the French ambassador in Ouagadougou. Lamizana reportedly stated that he was ready to step down but felt such a move would be bad for the country as long as the border dispute remained unsettled.

Upper Volta's forceful and ambitious Minister of Youth, Major Tientaraboum, who favors military action, is said to be behind much of the widespread criticism of Lamizana. Tientaraboum and several other army officers, who also hold government positions, have been seeking support from youth and labor groups, traditional chiefs, and women's organizations.

(Continued)

May 6, 1975

5

SECRET MORAY

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Recent efforts by Lamizana to upgrade the armed forces by increasing their size and purchasing additional foreign military equipment apparently have not placated his critics. In the absence of progress toward a diplomatic solution of the border problem, the president remains under pressure to launch an offensive before the rainy season begins at the end of this month. There is a possibility that Upper Volta's overzealous troops, now stationed along the border near the contested area, may initiate action on their own.

Malian troops also appear restive and are reportedly waiting for a provocation to strike again at Voltan forces. Malian President Traore remains adamant in upholding Malian claims to the disputed area, primarily because his ability to make a conciliatory gesture is limited by the influence of "Young Turks" in his government. (CONFIDENTIAL)

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May 6, 1975

6

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